

## This Food Company Is Investing in ... Insects

### Description

Food stocks are intriguing and potentially lucrative investments that countless investors continue to bypass daily. The interesting thing about food stocks is that, as shoppers, we seek out popular brands of foods, but rarely will we associate that brand with what could be a lucrative investment opportunity.

One such stock worth considering is **Maple Leaf Foods Inc.** ([TSX:MFI](#)).

I've written previously about how Maple Leaf foods is one of several [great food investments](#), and while I still share that view, there's an interesting development from Maple Leaf Foods that is completely unexpected.

### More than meat, but insects?

Maple Leaf Foods is one of the largest and well-known producers of pork and chicken meat products in the country that are sold under a myriad of different brand names that includes Schneider's, Larsen, and Maple Leaf.

As consumer tastes have evolved over the years, Maple Leaf has striven to keep up with those changes. An example of this is last year's acquisition of Lightlife Foods Inc., a manufacturer of plant-based proteins. The \$140 million deal was controversial for Maple Leaf, which was synonymous at the time with meat.

A similarly controversial deal announced this month saw Maple Leaf move into the market of edible insects. Maple Leaf is going to provide Series A funding for Ontario-based Entomo Farms, which is the largest insect farmer for human consumption in North America.

Yes, I said edible bugs. Let that thought process for a moment before considering the opportunity this poses.

Edible insects are just one form of alternative proteins that food manufacturers are quietly pursuing. A growing population, a rapidly improving diet for western food in developing countries, and a changing climate are all weighing in on our ability to feed everyone on the planet.

Edible bugs such as crickets provide a food supply that is rich in nutrients and, pound for pound, will use less feed, land, and water than any type of traditional livestock.

Maple Leaf's investment into Entomo is in line with the company's expansion into new areas. Maple Leaf CEO Michael McCain commented on the investment: "Our minority venture investment in Entomo is consistent with our vision to be the most sustainable protein company on earth."

### Impressive, yes. But does that make Maple Leaf a sound investment?

The Entomo purchase is intriguing and could prove lucrative over the next few years, but prospective

investors should view this as just one of several reasons to consider an investment in Maple Leaf.

Over the past few years, Maple Leaf has engaged in a campaign focused on growing revenue and reducing costs. Part of that plan also included a massive revamp of its facilities and, more recently, a series of acquisitions that have placed focus on growth and expansion into new markets.

Maple Leaf offers investors a quarterly dividend that pays out a respectable 1.68% yield. The dividend alone may not be enough to entice potential investors to the company, but looking out over the course of a longer period reveals a solid 125% growth in stock price over the past five years and a near tripling of the dividend payout in that same period.

Over the course of the year, Maple Leaf's stock price has retreated over 10%, just like many other [great long-term growth opportunities](#). Investors should see this dip as an opportunity to acquire a great stock at a discounted price.

## CATEGORY

1. Investing

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